

Message Text

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53

ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 CCO-00 /026 W

----- 118831

R 040800Z NOV 74

FM USINT BAGHDAD

TO SECSTATE WASHDC 1369

INFO AMEMBASSY ABU DHABI

USINT ALGIERS

AMEMBASSY BEIRUT

AMEMBASSY CARACAS

AMCONSUL DHAHRAN

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY TEHRAN

USMISSION EC BRUSSELS

C O N F I D E N T I A L BAGHDAD 763

EXDIS

E.O. 11652: GDS

TAGS: ENRG, PFOR, SA, IZ

SUBJECT: LINKING OIL PRICES TO M.W. PEACE

REF: JIDDA 6051

1. RECEIPT AND RESPONSE TO REFTEL DELAYED DUE TO COURIER
SCHEDULE CHANGES.

2. FOLLOWING ARE USINT COMMENTS ON POSSIBLE SAUDI
PROPOSAL TO LINK REDUCTION IN OIL PRICE TO PEACE
SETTLEMENT. AS SUGGESTED REFTEL, IRAQ WOULD ALMOST
CERTAINLY REJECT SUCH PROPOSAL. GOI CONSIDERS CURRENT
OIL PRICES ECONOMICALLLY JUSTIFIABLE. REDUCTION IN PRICE
WOULD THEREFOOE BE GIFT TO DEVELOPED COOUNTRIES
AND OIL COMPANIES. WORLD MONETARY AND ECONOMIC CRISES
WILL HAVE TO BECOME DEMONSTRABLY WORSE BEFORE GOI WILL
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BUDGE ON PRICES IN INTERESTS OF INTERNATIONAL STABILITY

OR ECONOMIC ORDER.

3. THERE ARE INDICATIONS THAT GOI POLIHY GOING IN OPPOSITE DIRECTION. CREEPING SIGNS OF "ARROGANCE OF POWER" ARE SHOWING UP IN GOI DEALINGS WITH FOREIGN COMPANIES AND IN PUBLIC STATEMENTS. WHILE GOI ASSESSMENT OF EXTENT TO WHICH BALANCE OF POWER BETWEEN ARABS AND ISRAELIS HAS SHIFTED TO ARAB SIDE MAY BE EXAGGERATED, GOI POLICY SEEMS HEADED TOWARDS USE OF ARAB ECONOMIC AND MONETARY POWER TO PROMOTE OBJECTIVES VERY FAVORABLE TO ARABS PLUS MAINTENANCE AND PERHAPS EVEN INCREASE IN OIL PRICES. IN SHORT, AS ARAB POWER GROWS IRAQIS SEE LESS AND LESS REASON TO ACCORD CONCESSIONS OF ANY KIND TO ACHIEVE THEIR GOALS. LOWRIE

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Message Attributes

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Disposition Date: 28 MAY 2004
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Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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